



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0106	Title:	License plates and tax credits for volunteer firefighters
Primary Sponsor:	Laible, Rick	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$25,600	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$207,000)	(\$207,000)	(\$207,000)
Net Impact-General Fund Balance	<u>(\$25,600)</u>	<u>(\$207,000)</u>	<u>(\$207,000)</u>	<u>(\$207,000)</u>

Description of fiscal impact:

This bill would create a specialty license plate for volunteer firefighters and provide an income tax credit for volunteer firefighters who buy either the new volunteer firefighter specialty plate or a generic specialty plate for volunteer firefighters. In essence, this bill would use the income tax system to rebate part of eligible volunteer firefighters' fees for buying specialty license plates.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. This bill creates a specialty license plate for volunteer firefighters and sets eligibility requirements to buy the new plates. It also provides a refundable income tax credit of up to \$120 for volunteer firefighters who buy the new specialty plates or generic specialty plates for volunteer firefighters.
2. According to the Fire Services Training School, there are approximately 11,000 firefighters in Montana. About 96%, or 10,560, are volunteers. There are about 2,300 active participants in the volunteer firefighter's retirement in Montana. For the purpose of this fiscal note, it is assumed that only those firefighters that are active in the retirement will be interested in and eligible for the new specialty plates. Not all of them would buy the specialty plates and not all who buy the plates would claim the credit. This fiscal note assumes that 75% of active participants in the volunteer firefighters retirement would buy specialty plates and claim the credit.

3. The credit is \$120 for a volunteer firefighter who volunteered at least 1,200 hours in a year and is proportionally lower for one who volunteered fewer hours. This fiscal note assumes that all volunteer firefighters who claim the credit claim the full credit. (See Technical Note 1.)
4. Credits of \$207,000 will be claimed each year (2,300 x 75% x \$120).
5. Credits will first be claimed for license plates issued in 2010. These credits will be claimed on 2010 tax returns filed during FY 2011.
6. This bill would require an additional line and accompanying instruction on the individual income tax form. The changes to forms would be made as part of the annual update process. Changes to the Department of Revenue's data processing system would require 40 hours of programming and 20 hours of testing. The programming would be done as part of the software vendor's annual maintenance contract, and the testing would be done by department staff. There would be no additional monetary cost, but resources would be diverted from other uses.

Department of Justice

7. SB 64, Section 2, will provide for a new plate design which may be issued to volunteer firefighters for placement on the motor vehicle except a motorcycle, quadricycle, or pole trailer upon proper identification and eligibility verification.
8. The registration for such plates would expire annually due to the qualification requirements; thus this plate type would not be eligible for permanent registration.
9. It is assumed that the verification required in SB 106, Section 2, could be part of an electronic application; thus no expense is projected for printing of forms.
10. Programming and configuration will be necessary in the MERLIN system for the issuance of this new plate design. This will be contracted to Bearing Point.
11. It is estimated that Bearing Point will require 160 hours to make the changes for a total cost of \$25,600 [160 hours x \$160.00/hour = \$25,600].

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
Department of Justice				
<u>Expenditures:</u>				
Operating Expenses	\$25,600	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$25,600	\$0	\$0	\$0
Department of Revenue				
<u>Revenues:</u>				
General Fund (01)	\$0	(\$207,000)	(\$207,000)	(\$207,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$25,600)	(\$207,000)	(\$207,000)	(\$207,000)

Technical Notes:**Department of Revenue**

1. Section 3 makes the income tax credit depend on the number of hours volunteered during a year. The bill does not define what counts as an hour volunteered. In a companion bill, SB 105, it is clear that hours on

call are to be counted as hours volunteered for the purposes of that bill. This fiscal note assumes that the intent of this bill is to also count hours on call as hours volunteered, but this should be clarified.

2. This bill ties both eligibility for the specialty license plate and eligibility for the tax credit to serving at least 120 hours as a volunteer firefighter in the previous calendar year. With respect to the tax credit, the reference date for defining the previous calendar year is not clear. Is it intended to be the date when the license plates were purchased, the date when the tax return is filed or both?

Department of Justice

3. Under statute, it is unclear whether this bill would be creating a license plate that falls under a standard issue plate or under a special plate.
4. If there is more than one owner of the vehicle, it is unclear how the tax credit would be applied.
5. It is unclear who would be responsible for the new plate design and costs associated with the design, if any.

Sponsor's Initials

Date

Budget Director's Initials

Date